

CONGRESSIONAL OVERSIGHT PANEL

Elizabeth Warren, Chair | Sen. John E. Sununu | Rep. Jeb Hensarling | Richard H. Neiman | Damon Silvers

March 24, 2009

The Honorable Timothy F. Geithner
Secretary of the Treasury
United States Department of the Treasury
Room 3330
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Secretary:

The actions of the Department of the Treasury, and the Federal Reserve Board, in providing continued capital infusions and other assistance to the American International Group, Inc., have raised a number of important questions. These include the economic consequences of such assistance, the ultimate beneficiaries of the assistance, and the manner in which the objectives of the assistance have been defined, and their fulfillment monitored, by Treasury and the Board. The Congressional Oversight Panel is concerned about these issues. It is particularly concerned that the opaque nature of the relationship among AIG, its counterparties, the Treasury, the Board, and the Federal Reserve Banks, particularly the Federal Reserve Bank of New York, have substantially hampered oversight of the Troubled Assets Relief Program by Congress and, equally important, have impaired the understanding of that Program by the American people.

I am writing to you, as Chair of the Panel, to secure from the Department of the Treasury (the "Treasury") the information specified below (the "specified information"). The specified information is necessary for the Panel to carry out section 125 of the Emergency Economic Stabilization Act, and this information request is made pursuant to section 125(e)(3) of that Act.

The specified information is as follows:

1. All information relating to any request for, or any analysis of the need for, the provision of any financial assistance to the American International Group, Inc. ("AIG"), to whomever such request was made or by whomever such analysis was undertaken.
2. All information about the risk to the national and international financial systems, and any part of those systems, or to the financial condition of any financial institution or institutions in the United States, other countries, or both, if the financial

condition of AIG were to deteriorate or if AIG were to become insolvent or forced to enter receivership or bankruptcy reorganization.

3. All information relating to the nature and provision by the Government¹ of any financial assistance to AIG, any conditions placed by the Government on any such assistance, and the use by AIG of such assistance, including, but not by way of limitation, any conditions placed on the grant or use of such assistance, and any use of such assistance to satisfy any obligation or liability of AIG to any person, including, but not by way of limitation, any non-United States person.

4. All information relating to (i) the identity of any counterparties of AIG (an "AIG counterparty") on any credit default swap or similar instrument written, sold, or held, by AIG and any loan of securities or similar transaction entered into between AIG and any AIG counterparty, outstanding on or after January 1, 2008 (ii) the amount of the monetary exposure of AIG to such counterparty, (iii) the amount of the monetary exposure of such AIG counterparty to AIG, including, but not by way of limitation, the amount of collateral due from, and potential loss faced by, each counterparty of AIG, both absolutely and as a percentage of the total dollar amount of all transactions outstanding between AIG and such counterparty, in the event that the credit rating of AIG was downgraded, AIG sought bankruptcy or similar protection, or both, and (iv) any other relationships, economic or otherwise, between AIG and any such AIG counterparty.

5. All information relating to value of any credit default swap, similar instrument, or securities loan as shown on the financial statements of AIG filed with United States Securities and Exchange Commission (the "SEC") Form 10K for 2007, including, but not by way of limitation, (i) the accounting and valuation methods and conventions used to arrive at such value, (ii) whether such methods were in accordance with "generally accepted accounting principles" as defined by the Financial Accounting Standards Board for purposes of the reporting of financial results to the SEC, and (iii) the Government's assessment of the accuracy of such valuation, at all relevant periods comprehended by the questions contained in this letter.

6. All information relating to any counterparties of any counterparties listed in response to paragraph (4) (that is, counterparties of AIG counterparties) and the amount of the exposure of each AIG counterparty to such additional counterparty that reflected AIG's liability to such AIG counterparties, and the extent of the ability of each AIG counterparty to satisfy its obligations to such additional counterparty without the use of assets derived from the financial assistance provided to AIG.

7. All information relating to the facts described in an article entitled "Goldman Insists It Would Have Lost Little if A.I.G. Had Failed," which was published on page B5 of *The New York Times* for Saturday, March 21, 2009.

¹ Capitalized terms in this letter that are not defined herein are defined in a document entitled "Congressional Oversight Panel – AIG Request, Definitions and Protocol for Document Production and Protection, Dated March 23, 2009," and attached to this letter.

8. All information relating to the creation by the Federal Reserve Bank of New York of the lending facilities Maiden Lane II LLC, established to fund the purchase of residential-MBS from AIG's securities lending portfolio, and Maiden Lane III LLC, established to purchase collateralized debt obligations on which AIG had written credit default swaps. Such information shall include, but not by way of limitation, the identity of each counterparty or other person from whom purchases were made by either Maiden Lane II LLC, Maiden Lane III LLC, or both, amount of each such purchase, the current value of the assets of Maiden Lane II LLC and Maiden Lane III LLC, the consequences of such transactions for the financial condition of AIG, and the accounting and valuation methods and conventions used to value any such assets either at the time of purchase or for purposes of determining their value on the balance sheets of either such limited liability company and for determining the consequences of such transactions for the financial condition of AIG.

9. All information relating to the terms of and guidelines for the executive compensation and retention programs of AIG, including, but not by way of limitation, any reports to AIG by external compensation or other consultants concerning the same.

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I would be happy to answer any questions about this letter that you may have. If you would prefer, a member of your staff can contact the Panel's Executive Director, Naomi Baum, to discuss any such questions. Ms. Baum's telephone number is

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Kindly respond to the request for information contained in this letter within twenty-one (21) calendar days from the date of this letter.

Very truly yours,



Elizabeth Warren
Chair
Congressional Oversight Panel

Enclosure